

Exhibit 1

ROBERT A. SHERMAN

ATTORNEY AT LAW

MAILING ADDRESS:
P. O. BOX 351
CARTHAGE, TEXAS 75633

312 WEST SABINE
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TELEPHONE (903) 693-2206
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May 19, 2000

Merrell Rhodes
880 County Road 103
Carthage, Texas 75633

Katie Sue Knapp
415 Fernwood Ave.
Tallmadge, Ohio 44278

Re: In Re Estate of Marjorie Nugent.

Dear Mrs. Rhodes and Mrs. Knapp:

I am pleased to report to you that yesterday I received the general settlement documents, including various assignments, as well as Dr. Nugent's check in the amount of \$85,000.00.

With this letter, I am forwarding to each of you a check in the amount of \$28,043.20, which represents your equal shares in the amount remaining after expenses and fees were deducted from the \$85,000.00. For your information, the complete distribution was as follows:

Total Received to Date	\$85,000.00
-Less Costs Incurred by Attorneys	\$ 4,876.59
-Less Fees of 30% per Fee Contracts	\$24,037.01
=Amount Divided	\$56,086.40

You each receive one-half of this amount, which is \$28,043.20. Enclosed is a check to you for this amount and along with a breakdown with respect to the cost items shown.

For your information, Mark Cotham and I are actively attempting to marshal and reduce to cash the several other assets that we received in the settlement. This includes attempting to work out the Carthage Aviation funds on deposit, promissory notes and liquidating the several dilapidated aircraft. Also, we are trying to settle the Bank suit and obtain a fair price for the Carthage Square properties.

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Of course, as we succeed in liquidating these assets, we will be forwarding your shares. Please call if you have any questions.

Very truly yours,



Robert A. Sherman

RAS\kls

enc: as indicated

cc: Mark Cotham
Cotham Harwell & Evans
West Memorial Park
8550 Katy Fwy, Suite 128
Houston, Texas 77024

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November 29, 2000

Merrell Rhodes
880 County Road 103
Carthage, Texas 75633

Re: *In Re The Estate of Marjorie Nugent*; Cause No. 8756, in the County Court
of Panola County, Texas.

Dear Merrell:

I write to provide you with a status report concerning the above-referenced matter. In this regard, enclosed is a check payable to you in the amount of \$11,896.36. This represents your part of the proceeds from the settlement of the Estate's claim against First National Bank.

As I discussed in my letter to you dated August 4, 2000, we expected to settle the Estate's claim against First National Bank for \$40,000.00. We successfully finalized and closed the settlement for that amount. After paying the Houston attorney handling the matter \$5,000.00, which I explained in my letter of August 4, we had a net recover of \$35,000.00. Our 30% contingent fee of the \$35,000.00 equaled \$10,500.00. We also had expenses up to that point which totaled \$707.26. This left a net of \$23,792.74, one-half of which is \$11,896.37.

The First National Bank lawsuit had little if any value to begin with, and in our estimation, should not have been brought in the first place. After the Judge threw most of the lawsuit out by summary judgment, the lawsuit, again in our estimation, had even less value. Therefore, we were very fortunate to settle the case for \$40,000.00, pay the Houston attorney a discounted fee, and still have you walk away with almost \$12,000.00. I discussed this issue in my letter of August 4, 2000.

The remaining asset that we must liquidate is Carthage Aviation. We believe that Carthage Aviation will ultimately be the most valuable asset in the group we received in the settlement with the Nugent Estate.

As you know, both Bernie Tiede and Joe Mossier claim an ownership interest in Carthage Aviation. I will briefly address both of their claims.

Bernie Tiede claims ownership of Carthage Aviation by virtue of his ownership of 100 percent of the stock in Carthage Aviation, Inc. We contend that Mr. Tiede used funds he misappropriated from Marge Nugent to gain his ownership interest in Carthage Aviation. It is a real issue whether the funds were misappropriated by Mr. Tiede, or given to him.

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Re *In Re The Estate of Marjorie Nugent*
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The matter with Mr. Tiede is further complicated by the fact that several years ago, as part of a global resolution of all civil and criminal matter, Mr. Tiede and his attorney, Scrappy Holmes, were promised \$50,000.00 as part of the resolution of claims relating to the Nugent Estate. Apparently there was a tentative agreement between all parties involved, but the agreement fell apart before it could close. The \$50,000.00 was to go towards paying Scrappy Holmes, Tiede's attorney, for providing him a defense. Tiede in return would convey essentially all of his assets to the Nugent Estate.

Whether that prior agreement was binding or not, we have been saddled with Scrappy Holmes' expectation of getting paid \$50,000.00. Mr. Holmes and Mr. Tiede also have the leverage that if we are forced to try the lawsuit against Mr. Tiede, we will have an accounting nightmare on our hands in trying to prove what went into and came out of Carthage Aviation, whether the funds were misappropriated or a gift, and so on.

We finally negotiated a tentative settlement with Scrappy Holmes and Mr. Tiede. The tentative settlement requires us to pay, out of the funds in the registry of the Court, \$10,000.00 to Mr. Tiede. In return, Mr. Tiede will convey to us all of this right, title and interest in Carthage Aviation, and all related assets. Given what we have discussed in this letter, and what we know about this case, we strongly recommend that we finalize and close this settlement, to take Tiede out of the equation.

The matter with Joe Mossier's claim of ownership to Carthage Aviation is a bit more complicated than we first anticipated. Mr. Mossier claims that he and Tiede were 50/50 partners in Carthage Aviation, and all of its assets. Mr. Mossier further contends that over time, Mr. Tiede attempted to cut him out of Carthage Aviation, and take sole control over its operations. We always doubted Mr. Mossier's claims in this regard, and thought that they would be difficult to prove. We also thought that Mr. Mossier either actually knew, or certainly should have known, that Tiede was using Marge Nugent's money to fund Carthage Aviation.

We learned through discovery in this case that title to Carthage Aviation's five aircraft are in the names of Bernie Tiede and Joe Mossier, as partners of Carthage Aviation. This is how the aircraft are registered with the Federal Aviation Administration. This greatly bolsters Mr. Mossier's claim that he was an equal partner with Tiede in Carthage Aviation. In any event, it would seem to establish that at a minimum, Mr. Mossier and Mr. Tiede appear to have been partners in the ownership of the five aircraft in issue.

There was also a tentative settlement with the Nugent Estate and Mr. Mossier prior to our involvement in this case. This settlement involved Mr. Mossier receiving one of the two Mooney aircraft, owned by he and Mr. Tiede, and some sum of money to cover his attorney's fees.

Merrell Rhodes
Re *In Re The Estate of Marjorie Nugent*
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We at first rejected this settlement as being too steep. Upon learning that all of the Carthage Aviation aircraft were registered in both Mossier's and Tiede's names, as partners, we changed our minds in this regard. We now believe that this settlement proposal is not only acceptable, but is very favorable for us. We have a tentative settlement with Mr. Mossier which provides that Mr. Mossier will receive the Mooney aircraft that he wants, plus \$6,500.00 to cover his attorneys' fees. Mr. Mossier and his attorneys initially wanted \$10,000.00, but his attorneys, to close this matter, reduced their fees to \$6,000.00. Incidentally, one of the attorneys who agreed to reduce his fee is Terry Bailey, our current Judge with the County Court at Law of Panola County, Texas.

I strongly recommend that we finalize and close our tentative settlement with Mr. Mossier. In return, Mr. Mossier will convey to us all of his right, title and interest in the remaining aircraft of Carthage Aviation, and any other interest he may have in Carthage Aviation. Between our settlement with Mr. Mossier and Mr. Tiede, we should have clear ownership of the assets of Carthage Aviation.

Enclosed is a draft proposed order which we intend to use to finalize, through Court approval, our proposed settlement with Tiede and Mossier. We attempt to set forth in the order the assets of Carthage Aviation, and the terms of the settlement.

We would like to close this matter as soon as possible. The remaining aircraft of Carthage Aviation have been idle for over three years, and continue to deteriorate. As you know, there is nothing worse for an aircraft, or any other piece of equipment, than being idle. We would like to immediately commence efforts to sell the aircraft.

I hope I have adequately explained the status of our efforts to liquidate the assets we received in the settlement. I look forward to discussing these matters with you.

I hope all is going well with you and your family over the holidays. I will be talking to you soon.

Very truly yours,



Robert A. Sherman

RAS\kls
enc: as indicated

ROBERT A. SHERMAN

ATTORNEY AT LAW

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June 4, 2001

Merrell Rhodes
880 County Road 103
Carthage, Texas 75633

Dep - L-8-01

Re: *In Re The Estate of Marjorie Nugent*; Cause No. 8756, in the County Court
of Panola County, Texas.

Dear Merrell:

I write to provide you with brief update concerning the status of the above-referenced matter. We are slowly but surely moving towards a final resolution of all pending matters relating to the Marjorie Nugent Estate.

The final known asset which we received in our settlement is Carthage Aviation. The district clerk in Panola County has been holding funds in the litigation involving Carthage Aviation, which were derived from the sale of certain assets of Carthage Aviation. As part of our settlement with Bernie Tiede and Joe Mossier, Bernie Tiede received \$10,000.00 out of these funds, and Joe Mossier received \$6,500.00, and a Mooney aircraft. After paying Tiede and Mossier pursuant to the settlement, the district clerk had \$96,494.06 remaining for the sale of the Carthage Aviation Assets. This is the amount we received from the registry of the court in the settlement.

Carthage Aviation owed hanger fees to Panola County, in the amount of \$1,980.00, and ad valorem taxes to the various taxing authorities in Panola County, in the amount of \$2,668.77. We paid these amounts out of the \$96,494.06, which left \$91,845.29.

The thirty percent attorneys' fee out of this net \$91,845.29 is \$27,553.38. This leaves a balance of \$64,291.71. Enclosed is a check payable to you for one-half of this amount, for \$32,145.85.

We are in the process of liquidating the remaining assets of Carthage Aviation. We hope to complete this process by the end of the summer. I will keep you posted as things progress.

I hope all is going well with you and your family. As always, please contact me with any questions or comments.

Very truly yours,



Robert A. Sherman

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enc: as indicated